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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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20 June 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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RELATIONSHIP BETWEEN STRONG ECONOMY, NATIONAL DEFENSE

Sofia SERZHANT in Bulgarian No 4, 1984 pp 6-8

[Article by Lt Col Engineer Georgi Georgiev, candidate of economic sciences: "Contemporary Problems of BCP Economic Policy and Their Importance to the Country's Defense "]

[Text] The 12th BCP conference further developed and enriched the April socioeconomic policy. It earmarked the main directions and tasks for the further development of a mature socialist society in our country. The main socioeconomic task of our people during the 8th Five-Year Plan, as stipulated in the congress's theses, is further pursuing the "line of comprehensive satisfaction of the steadily increasing material, spiritual and social needs of the people on the basis of national economic intensification, systematic application of the new economic approach and its mechanism and the further improvement of socialist social relations."

The theses of the 12th BCP Congress emphasized that "the forthcoming decade will be a period of dynamic quantitative and qualitative changes in the development of production forces, the improvement of social relations and the shaping of a comprehensively developed socialist individual. The production and scientific and technical potential will be enhanced significantly. Its utilization will become more efficient and the material and spiritual wealth of the country will increase. The advantages of developed socialism will be manifested even further."

The main way leading to the further development of the national economy is its qualitative improvement based on the latest achievements of scientific and technical progress and the peaks of the scientific and technical revolution. The systematic application of the multiplication approach optimally combines raw material with processing sectors, surmounts arising disparities and improves the proportionality in the development of the various lines and sectors.

During the 8th Five-Year Plan and through 1990 industry, heavy industry above all, will continue to hold a leading position in the development of the national economic complex, as the base of the economy and the country's military-economic power. At the same time, however, we shall bring closer to each other the rates of development of heavy and light industry (group "A" and group "B"). The sectorial output will be increased by 30-35 percent and

virtually the entire increase must be the result of higher labor productivity. In addition to the raw material and energy base, as the rear line of the entire national economy, machine building and the chemical industry will be given priority in industrial development.

Forecasts indicate that power consumption in our country will continue to increase but at a slower rate. The high cost of imported energy and the trends in this area necessitate the search for opportunities for meeting requirements from local resources. This is of great importance also in increasing the stability of the economy in a possible modern war. By the year 2000 coal extraction is expected to increase by a factor of 2.5; toward the end of the century about 50 percent of the electric power will be generated at nuclear power plants. The electrification of the energy balance will be continued and the share of imported fuels and electric power will be reduced by about 30 percent.

The further development of metallurgy is of particular importance to the military-economic potential of the country. This is necessary, for according to global forecasts, plastics will not be able to replace ferrous metals on a large scale, as was previously believed. The same applies to aluminum, concrete, timber and eternite. That is why we shall continue to reconstruct existing metallurgical capacities and build new ones. This will improve the structure and quality of the metals used. The share of high grade rolled metals will increase from 24 percent in 1980 to about 34 percent in 1985. We have already mastered the production of grade rolled metal goods made of alloyed steels and stainless steel in sheets. This creates a strong first line base for meeting the needs for installations and combat and auxiliary equipment out of domestic raw and other materials.

Machine building as well will play a responsible role at the present stage of the country's economic development. It is producing the basic labor means for material production sectors, for which reason the extent of its development largely determines the efficiency of public production, the acceleration of scientific and technical progress and increased labor productivity. However, machine building and metal processing, combined with electronics, also produce the main facilities for fighting a modern war. That is why the development of these sectors of our economy is of great importance, for it enables us to supply the armed forces with a high percentage of the weapons, military hardware and equipment they need from domestic production or through cooperation and trade with the fraternal socialist countries--Warsaw Pact members.

Today Bulgarian machine building is a leading economic sector in the country in terms of the volume of output and export possibilities. In 1981 the share of the machine building output reached 23.2 percent of the overall volume of industrial output, compared to 12.4 percent in 1960 and 20.2 percent in 1970. The share of exported machine building goods in the overall exports of the country has been growing steadily as well: from 13.6 percent in 1960 to 31 percent in 1980.

Electrical engineering, heavy investment and lifting equipment, instrument manufacturing and agricultural machine manufacturing play a major part in domestic machine building. Today the Bulgarian machine building industry produces 170 of a total of 320 different items in the world's classification system for machine building output. The theses of the 12th BCP Congress stipulate that the volume of machine building output is to increase by 50-55 percent (30-35 percent for industry as a whole). Priority will be given to sectors of decisive importance to the accelerated use of technical progress, such as the machine systems, technological lines, complete projects, heavy investment equipment, electronic and electronic-using commodities, micro-processor systems, etc.

The accelerated development of machine building will be based on steady improvements in its intrasectorial structure rather than individual production facilities, items and dimensions.

The chemical industry as well will be developed further. This will expand the country's raw material base and will ensure the faster satisfaction of the need of the population and the country's defense. In 1984 alone its output will be increased by about 9 percent; during the first 4 years of the 8th Five-Year Plan it will increase by nearly 42 percent compared to the 45 percent figures stipulated for the five-year plan as a whole. The structural changes in the sector are aimed at the development of the production of chemicals requiring less energy and raw materials, such as low-volume chemicals, plant protection preparations, the pharmaceutical industry, chemical fertilizers, sulfuric acid, etc.

Particular attention will be paid to the development of the light and food industries, which are directly related to enhancing the living standard of the population and creating reserves for defense requirements and the current satisfaction of the needs of the country's armed forces. During the Five-Year Plan the efforts in this area will be concentrated on important structural changes in the various sectors and on upgrading the quality of their output.

The fuller utilization of agricultural materials is an important direction in the development of these sectors.

The five-year plan also creates the necessary prerequisites for increasing agricultural output. A stable grain production will be ensured. The task is to achieve an annual production in excess of 10 million tons of grain and to increase grain production efficiency. In this way the National Agroindustrial Complex will continue to dominate the national economy through the year 2000 through its volume of output (29 percent in 1980) and will retain its second place (after machine building) in exports.

On the territorial level, the 8th Five-Year Plan ensures the further rapprochement in the socioeconomic development of the territorial units. Particular attention has been paid to the accelerated socioeconomic development of conurbation systems of the fourth and fifth functional types, the border areas and the Strandzha-Sakar area, which is of tremendous importance in ensuring the stable

functioning and viability of the economy under the conditions of a possible modern war.

The stable and dynamic development of the economy during the first 3 years of the 8th Five-Year Plan and the plan through 1985 and 1990 offer new opportunities for improving the well-being of the people. Compared to 1983, the real per capita income in 1984 alone will increase by 2.5 percent. The living standard program, as earmarked at the BCP Central Committee December 1972 Plenum, concretized at the 12th Party Congress, is being successfully implemented despite the objective difficulties which appeared in recent years. This is a tremendous source for strengthening the moral and political situation of the Bulgarian people and an important and essential factor of its readiness to defend the socialist gains.

A major and permanent element of the economic policy of the BCP is its implementation through the development of comprehensive integration with the Soviet Union and the remaining CEMA members. The main attention is focused on production specialization and cooperation and the implementation of the tasks based on the comprehensive program and the long-term target programs for cooperation with the socialist countries. First in this area are relations with the Soviet Union, based on the general plan for specialization and cooperation in material production. Unquestionably, this is a secure guarantee for strengthening the power of the fraternal defensive alliance.

Faced with the tremendous military-economic preparations being made by the capitalist countries, the United States and NATO in particular, and the extremely reactionary and aggressive foreign policy course taken by the Reagan administration, strengthening the defense capability of the Warsaw Pact members becomes a primary economic task.

The BCP has always been aware of the importance of defending the socialist gains and has steadily looked for and found the type of economic solutions which secure most efficiently and enhance the living standard of the people and strengthen defense.

In terms of measures aimed at strengthening defense, the political, economic and military leadership of the country takes into consideration the following stipulations of the overall law of the dependence of the course and outcome of a war on the economy: full and comprehensive mobilization of all economic sectors for the implementation of defense assignments; expanded reproduction of the war economy; the form, type, pace, and features of reproduction of the war economy to be based on the expected (actual) nature of the war and the enemy's military-economic and military power.

Since scientific and technical progress led to a military-technical revolution, the nature of a contemporary war requires the mobilization of tremendous human and material resources. What are the possibilities of our small country in this respect? Bulgaria's human potential increased insignificantly in terms of quantity between 1961 and 1981. The size of the active population increased by no more than 10 percent. However, profound changes took place in

the structure of the manpower. The economically active population increased by a factor of more than 2.5 and currently the possibility of involving available resources in public production has been virtually exhausted. By 1960 we had completed the so-called "transitional regimen" of population reproduction, which had begun after 1920. "The previous reproduction regimen," wrote Prof N. Naumov, the noted Bulgarian demographer, "was characterized by a relatively stable high birth and mortality rates; after the transition, i.e., after 1960, both the mortality and birth rates remained steadily low with a declining natural increase and intensified process of population aging."

What forecasts have been made by our demographic science?

A stabilizing reproduction of the population will take place until the year 2000. Under these circumstances, in the year 2000 the population within the 20-59 year group will be increased by no more than 30,000 to 40,000 compared to 1981. The period between 1981 and 1990 will be one of stagnation and even of a slight decline in the labor and reproduction potential of our population.

From the viewpoint of Bulgarian manpower resources, an increase in the national income and economic efficiency can be expected only through the labor intensification of the available manpower. This calls for the use of significant manpower resources for the defense requirements without reducing but even significantly improving the living standard of the Bulgarian people.

Conditions from the viewpoint of the country's possibility of allocating material facilities for increasing its military-economic potential and meeting the needs of the army are no better. The systematic long-term enhancement of production material-intensiveness and capital-intensiveness under the conditions of a declining role of the structural factor, particularly with a drastic increase in production costs during the 1970's, as a result of the explosive increase in the price of fuel (a factor of 17) and raw materials (a factor of 7) on the world market after 1973, has developed a stress in the reproduction process and has considerably restricted the possibility of upgrading efficiency. In the final account, it has limited the growth rates.

That is why the gravity of the question of achieving a comprehensive all-round intensification of the economy is determined by the requirement of maintaining a high growth rate of efficiency and the need to ensure the resources which the country needs for its defense under circumstances governed by increasing pressure on the economic growth and the related negative effect of the limited nature of resources and their faster price increases. This calls for the extensive study of the economic law of intensification and of upgrading quality and the creation of organizational, political, economic and technical conditions for the full use of their effect during the current and subsequent stages in building a developed socialist society in Bulgaria.

ARBITRARY PRICE INCREASES CRITICIZED

Sofia OTECHESTVO in Bulgarian No 8, 24 Apr 84 pp 8-10

[Article by Kiril Yanev and Slava Trunkova: "Prices: Permissible and Impermissible"]

[Text] "....We must increase the role of price setting in the struggle for high quality. Let us say frankly that an arbitrary and very scandalous behavior is allowed to occur in this area.

"We must be systematically guided in terms of the correlation between quality and prices by the following rule: prices must be based on the real consumer qualities of the commodity and the necessary production costs; better quality should fetch a higher price. The price per unit consumer value must be reduced. It is economically and socially legitimate drastically to reduce at the expense of the producers prices of substandard, obsolete and unfashionable goods not in demand." From the introductory words of Comrade Todor Zhivkov at the National Party Conference in March 1984.

The precise observance of retail prices and the principles and rules of our price policy, characterized by its planned and stable nature, are of both economic and great political significance. It is a question of trust between the state and the citizen! However, violations still occur. By whom and why and how, and with what consequences? Answers to these and similar questions were sought by representatives of the periodical OTECHESTVO Kiril Yanev and Slava Trunkova from the State Price Inspectorate and the Main Price Administration of the Ministry of Finance. Explanations were willingly provided by director Nikola Zhiyanski and chief specialist Kiril Bebenov.

Illegal Sales

The existing trend of distorting the new economic mechanism by shifting the difficulties of economic organization and enterprises to consumers is no secret. One of the means is to sell goods at illegal prices, i.e., prices which have been set arbitrarily, impermissibly and for speculative purposes by the economic managements themselves. This is because prices are a special category which participates in the formation of profits: the basic criterion of the efficiency of economic activities and for setting the wage fund.

In order to prevent harm to the consumers, the question was resolved on the basis of the Price Regulation: the right to set prices was given to the Council of Ministers, Main Price Administration, various ministries (for specific items) and obshtina and okrug people's councils. The economic organizations may set prices only for specific items and varieties. They must mandatorily register them with the respective state authority ("otherwise the wolf himself would be allowed to choose his food..."). The procedure is universally familiar. Nevertheless, some people take the risk: if the violation is confirmed punishment will follow. If it remains unnoticed, however, the earnings will become "net" (and easy!) profit and will be distributed as such.

Here are examples of the investigations conducted by the inspectorate.

The Ilyu Voyvoda Plant in Kyustendil submitted a price request (to the Retail Prices Directorate of the Main Price Administration). However, without waiting for its approval, the plant sold substantial quantities of shoes at a price set by the director. The director was fined 100 leva and warned that repeated such violations would entail disciplinary punishment, including dismissal.

The Kitka Porcelain and Glassware Combine in Novi Pazar sold already priced goods at a higher price by order of the director, which gave the combine more than 1 million leva of unearned income. On the suggestion of the supervising authorities the director was fired and the surplus funds were appropriated for the state budget.

The Mir Plant in Khaskovo produced a new model of fashionable shirts and offered it on the market without an approved price. Improper earnings in this case totaled 12,000 leva.

The plant in Isperikh sold decorative earthenware tiles, "forgetting that in order to sell new items the items must be priced...." The old price charged by another enterprise was used. The inspectorate was informed, an investigation was launched and it became clear that 1,339,000 tiles were sold at that price since 1981. Now the real price must be set and, hence, the penalty. Obviously, the price should have been higher than the one produced by the old plant. However, the customers had already been informed of the price.... The plant will have to suffer the consequences.

(At this point the telephone rang: it was the director of the plant in Isperikh! "Speaking of the wolf...." Nikola Zhiyanski asked him which of the two production costs was the accurate one: one cost was given in order to set the price of the tile yet when it became a question of determining the amount of the penalty, the production cost was reduced by 4 stotinki; it is hardly likely that a decisive change in the production process had taken place over the past 20 days. "Therefore, something else must be happening here...." For the information of the journalists, it was added after the telephone conversation that those same 4 stotinki could make a difference of 182,000 leva in the penalty).

What is the typical explanation for such typical violations?

The usual one is that "up there" they are slow in setting the price while the commodity cannot wait, the warehouse is full and the production process cannot be stopped.

Such "objective reasons" cannot be objective, for the moment the production of a specific item is undertaken the question of its price must be raised (based on prototype). If the item is experimental, it is issued a provisional price "from above" on so-called easy terms. The purpose is to see the reaction of the markets to the new commodity. Furthermore, the regulation on the economic mechanism specifically states that the responsibility for the strict observance of legal price documents is assumed by ministries, executive committees of people's councils and personally by the managers of economic organizations, followed by other officials. As to the State Price Inspectorate, it is a structural component of the unified national control system and cooperates with the other control agencies for production quality and financial control, the economic militia, and the trade and services inspectorate of the Ministry of Production and Trade for Consumer Goods (presently "Public Catering" is investigating the weight and prices in worker and student cafeterias). Specialized price control is provided throughout the country on the basis of annual plans which concentrate on enterprises and economic organizations which produce, grade and label the goods. The detection and elimination of violations at that point are by far easier and more efficient than in stores.

Big Games and Big Money

The most widespread and most frequent violation is to include fictitious production costs in the cost of an item submitted for price setting: expenditures which are actually never incurred. This is usually done deliberately. "This is done by economically knowledgeable people who handle production costs, prices and technologies...." Here is an example: the Izkustvo TPK [Labor Production Cooperative] in Momchilgrad included in the price of knittwear significantly higher but fictitious payments for labor.

Quite frequently price violations occur as a result of substituting cheaper for more expensive materials. More expensive materials imply a higher quality, which is reflected in the price. With a "substitution" the quality may worsen but the price remains the same. However, a procedure exists regulating permissible "substitutions." In the food industry, for example, they are not allowed. Nevertheless, the Dunaviya Cannery in Ruse and the Georgi Kirkov Cannery in Pleven decided to change the recipe of a specific type of canned meat with vegetables in a manner benefiting them: they used pork instead of the more expensive veal. Although pork is less expensive and of a lesser quality, the canned items continued to be sold on the old higher price. The inspectorate confiscated a "profit" of 61,000 leva.

"Games" are also played with packaging. How? According to the standard, shirts must be sold wrapped in nylon. However, the trade organization in Ruse instructed the respective enterprise to put 10 shirts per nylon bag. The price, however, was not changed. The difference in terms of materials and

labor was considered a profit. This case as well proves the need for a mandatory requirement that all commodities released for the market must have a detailed description of their qualities so that the people will know what they are buying! Mass investigations were conducted on labeling and about 150 reports were drawn up at 1,250 places.

Naturally, matters are clearer in the case of commodities but considerably more difficult in the case of services, for the customers are usually unfamiliar with the individual operations. The main violation here as well is the use of prices not approved by the competent authority. The second is that instead of a higher price operation a less expensive operation is performed. The third is that occasionally fictitious operations and materials are included in the price. Improper earnings of 14,000 leva resulting from such deals were confiscated in Pleven from radio and television services alone (something else occurs as well: although the service establishments must return to the customers the replaced parts, they fail to do so, as a result of which such parts are appropriated by the technicians and used in providing private services). In 1983 the Khigiena Cooperative in Sofia "earned" 29,000 leva from recorded but unused cola face packs. The old cola was resmelted and used, with the excuse that the women customers reacted better to it! This was reported to the inspectorate for its information. This may be possible but only if the hygiene and epidemiological station would allow it and if such "savings" amount to 5-10 rather than 50 percent.... Last year, about 1 million leva were confiscated from construction and repair enterprises in Sofia earned from fictitious materials and unperformed work by construction and repair enterprises in Sofia in painting central buildings.

The fourth violation is failure to include in the receipt the period under guarantee for the service. Therefore, should another repair become necessary, the client must pay for it once again. Sometimes a fast service is rated as express service, and so on. However, if the description does not include the type of service, the period of guarantee and the hour and date of receipt and delivery, the supervisory authority is helpless. All workshops should have a detailed price list so that control by the public may be possible. It should be made clear, for example, that the "complexity" operation is not stipulated in making a leather garment. This would have prevented the Boyan Chonos Clothing Cooperative in Vidin to overcharge its customers some 18,000 leva....

An investigation in Stara Zagora revealed that two hotels were of a lower than advertised category. The State Price Inspectorate made them pay to the budget the price difference until a reclassification commission has been appointed by the okrug people's council.

The superior organizations are promoting the subscription method of services, so that they may be made as accessible as possible to the citizens. In the case of televisions sets, according to the contract and the price list the service enterprise must provide no less than two preventive checks per year at home in order to ensure the steady work of the set. However, an investigation revealed that no half annual check had been made of the sets of some 100 subscribers (however, the enterprise did not reduce the fee by 20 percent!). The same applies to the maintenance contract for enterprise radio systems.

No accountability whatsoever is kept, such as record cards for subscribers. Some television services continue to collect the fee of 1 leva for providing home services, although this fee was abolished with the new price list. Such a fee can be collected only when the set must be taken to and brought back from the workshop!

What happens with such funds collected from the citizens? Does all the improperly collected income go to the state budget?

According to Directive Number 16 State Planning Committee, Ministry of Finance and Bulgarian National Bank, if such fees fall within the statute of limitations and the damaged parties are known (private individuals or organizations), the control authority orders a refund. Here is an example: a washing machine without a wringing part is sold like a full set; the inspectorate investigated the case and demanded of the Wholesale Trade enterprise to refund to all customers the difference in the price. In this case the customers were known from the receipts.

Usually, price violations involve higher prices. The opposite is the exception. Only two such cases are remembered by the personnel of the directorate. Narmag in Sofia priced furniture at 800 leva instead of 1,100; the lower price had been charged for exhibits at the Plovdiv Fair but not for commercially produced items. The directorate objected to the request of the enterprise for the citizens to make additional payments, for in such a case they might have refused to purchase the items. (Only one person was scared and paid the balance...). A similar case occurred in Pazardzhik, where a lower price for stoves made in Yugoslavia was wrongly set.

Are Investigations Repeated?

We were answered with the following example: a violation amounting to 300,000 leva was noted as a result of an initial investigation. A second investigation revealed a violation of 100,000 leva. The director considered this to be a progress whereas the controlling authorities classified it as a recurrence. Twelve reports were drawn up against officials. The reports noted that this is a second violation, for which reason the penalty must exceed 100 leva and the culprit must be prosecuted in court. The "limit" of the penalty cannot exceed 300 leva in personal fines. In cases of more serious abuses the prosecutor's office is informed. The fine may be appealed. Until recently the courts were more sympathetic towards such petitioners. Of late, however, the majority of such fines has been approved and sentences have been passed.

The personnel of the penalized enterprises show "full understanding" of the work of the price control authorities. Let us say that an improperly earned income has been added to the wage fund. The workers consider that they have earned this money. The following year, in order for the wages not to drop, it becomes necessary to repeat the violation. Unless this is done, conflicts break out, for the people feel that they have worked just as well yet are earning less.

The prices are based on the consumer value of the commodity. Frequently, however, the price for the new quality is applied also to lesser quality goods. The attention is focused precisely on consistency between prices and quality. In the case of new commodities fashionable design and the level of luxury are taken into consideration, and expert councils which include designers draw up a protocol which is used in setting the price ("the baggy pants for women will be slightly more expensive..."). Naturally, in the case of substantial price deviations the goods remain unsold and, in the final account, must be marked down. The result is a loss rather than a profit. However, no one can dictate consumer demand which can only be taken into consideration. We must take into consideration the needs and tastes of the customers and to assist in their education.

Occasionally some commodities are in short supply. What has happened? The economic organization has arbitrarily changed its production structure according to what is in demand on the market at that time (profit is of no interest to it!). This starts a chain reaction which is difficult to control. The possibility arises of the scarce goods to be produced and sold by private individuals--pensioners or others--during nonworking time. Entire shops owned by various agroindustrial combines operate in Sofia on the basis of a contract alone. The people set their own prices. Here is a recent example: reports were drawn up for 70 flower sellers on or about 8 March. One of them was a "night barman" who sold a bouquet of 10 snowdrops for 60 stotinki, whereas at other places the price was 50 stotinki for 20 stems ("we, the men, stand in line, pay and leave!"). The Sofia People's Council has set maximal prices. "However, there are continuous and numerous violations." We were awed to discover that a carpenter had earned 150,000 leva from private services. He keeps his money in three savings accounts, keeping "only" 20,000-30,000 leva at home for daily expenditures. "If I had 100 hens," he is reputed to have said, "I would have become a millionaire."

What is happening to prices in agriculture?

"They are not far behind. It is as though our land is producing only 'first grade' or 'extra quality' goods!" (The situation in Vidin apparently became intolerable and the chairman of the okrug agroindustrial union was forced to resign....) This is nothing new: the fat content in the milk is lower than stipulated, as an investigation at the Serdika Combine revealed; there is more ice in the ice cream than other components. However, the prices have remained the same. The most frequent justification for poor quality is the lack of manpower. Producers and merchants make concessions to each other at the expense of the customer!

The purchase prices provide sufficient incentives so that our people do not have to buy substandard goods or pay higher prices. However...the hog breeding complex in Manole village, Plovdiv Okrug, and the calf fattening complex in Tolbukhin earned some 200,000 leva improperly from sales without approved prices, i.e., by charging their own prices. Recipes are violated by processing enterprises (Plovdiv). The work of other enterprises is disturbed if the farm products they receive are substandard or if the prices are unrealistic. Such things are interconnected.

Control and Efficiency

How do the higher authorities react to such violations? Generally speaking, what use is being made of information received on control activities?

Results of investigations are announced to representatives of the party and social organizations, the local press, and so on. Explanations are provided, measures are proclaimed and penalties are announced. In all such cases the superior organization is informed. Information is sent to the ministries (deputy ministers are in charge of control) with suggestions for imposing penalties. Such a discussion is to be held at the Ministry of Transportation, for an investigation of railroad stations and ports proved that all existing transportation fees were charged to the clients unnecessarily....

The inspectorate submits reports on its activities to the Price Setting Directorate, for it is very important for the latter to know the actual production costs. Information is also provided to the Main Price Administration.

A truly objective reason for changes in the prices of commodities and services is found in the greatly increased prices of raw materials and products on the world market. This cannot fail to be reflected in our country. However, we already mentioned the procedure which must be followed. Furthermore, while changing some prices the state keeps others fixed by compensating for the difference. Let us consider tickets for public baths: they cover only a minimal share of the cost. However, the fact that this is a social service which "should not be touched" is taken into consideration.

The work of the Price Control Directorate is "loaded with conflicts" but also very effective. Last year alone, with a staff of ten, it issued fines in excess of 6.3 million leva ("600,000 leva per person; we are the most efficient!"). Some 40-50 percent of the items carried by enterprises and organizations were checked and if improper income is correlated to the entire volume of output, the amount should have been doubled....

The effectiveness of control is also determined with the help of preventing violations and abuses. In this sense the 10 members of the staff in the center and the functional units in the conurbation systems with one full-time official (the deputy chairman of the council is in charge of control activities as well as of many other matters) constitute a very small organization compared to many of our other departments. Yet it is precisely this organization which could save a great deal of money paid out in salaries! In Czechoslovakia more than 100 people are in charge of supervising price activities; in the GDR the inspectorate in charge of methodological problems related to price maintenance alone has a personnel of 30, etc.

It is true that intradepartmental control has been assigned a significant role. However, "with very few exceptions" it is virtually nonexistent! It is subordinated to the department itself and is being "dictated upon," forgetting that it is precisely control that is a very important function of economic management. The only one with a special price control unit engaged in

systematic investigations is found at the Local Industry and Consumer Services Directorate in Sofia. If we compare violations here with those of similar enterprises in the rest of the country we would see the great difference in favor of Sofia.

The Price Regulation also includes the development of control on a broad public basis. This means that the public organizations--the trade unions, the Fatherland Front and others--should be well familiar with the legal documents in order to be able to cooperate better with the state control authorities. Public participation in this case means complaints and reports submitted by citizens (about 100 per year). Whether signed or anonymous, all of them are investigated and all of them are answered by the inspectorate rather than by the accused....

Write! Write to Main Price Administration, Pl. Slaveykov Number 4A, Sofia.

5003

CSO: 2200/123

ADVANTAGES ATTRACTING BULGARIAN WORKERS TO SIBERIA

Sofia SOFIA NEWS in English 9 May 84 p 3

[Article by Nina Hazan: "Komi in the Life of 100,000 Bulgarians"]

[Text] The Autonomous Soviet Socialist Republic of Komi became popular in our country 16 years ago when the first large Bulgarian party of workers and specialists left for there under the Agreement on Cooperation in the Timber Industry between the USSR and the People's Republic of Bulgaria of Dec. 3, 1967. The Soviet Union put at our disposal vast forested areas in the Siberian taiga.

When the first two-year contracts ran out, our countrymen came back from Komi by train, they were all safe and sound, and they had made a lot of money. Not everybody came back, of course, some preferred to extend their contracts and stay for a longer period. Certainly, there were people who left only after a few months. Their constitution simply could not adapt to the conditions of the North.

At present there are more than 14,000 Bulgarians working in Komi.

A Happy Man

Vassil Djigrev, former member of the national team in wrestling and ex-national champion, is an economist, he works as a senior expert at the Mineralsouvenir Economic and Trade Industrial Works in Sofia. He is one of the 100,000 who have worked in Komi and, for the time being, the only one among them on whom the Bulgarian Government has conferred the Gold Star of Hero of Socialist Labour.

"I retired from competitive sport at the age of 26 and I asked myself, which way now? I had worked as a fitter and a sports instructor, but except in sports, I hadn't excelled in anything else. For some time then our press had been publishing numerous reports on Komi. The first Bulgarians who came back from there were saying that a couple of years' work there were enough to solve your financial problems. So we decided to go, several friends and me, all of us former athletes," Djigrev recalls.

Under the agreement, the Soviet side provides all the lumbering equipment in Komi, while the Bulgarian side is responsible for the construction of forestry

industrial enterprises, for the working of timber, and for paying the Bulgarian workers. One-third of the timber produced is sent to Bulgaria, and due to that in the last ten years, without resorting to the deforestation of hundreds of hectares, our country was able to increase the production of cellulose by almost ten times, to set up new paper and cardboard products enterprises, and to expand the network of furniture factories.

Now the fourth Bulgarian settlement is under construction in Komi. There are five-storey blocks of flats in the small towns, provided with central heating and running hot water. Each settlement has shops, restaurants, canteens, sweetshops, sport halls, a hospital, a daycare centre and a kindergarten, Bulgarian schools (many workers live there together with their families), clubs and cinemas.

"Upon arrival the Bulgarians are given each a furnished flat at a monthly rent between 5 and 10 roubles," Djigrev went on with his story. "They take their meals at canteens cooking Bulgarian dishes and they pay 2.20-2.50 roubles a day for the food. Employees get an average monthly pay of 400 roubles and workers—between 600 and 1,000 roubles. Average monthly expenses usually do not exceed 100 roubles. The working conditions conform to the standard norms in lumbering throughout the world."

In Komi our workers are given the possibility to attend evening classes at the secondary schools and enroll as extramural students at Soviet institutes of higher learning. They can graduate from these educational establishments. Their children can also study in the Soviet Union. Between 100 and 110 Bulgarians enter the universities each year.

Vassil Djigrev went to Komi for two years but stayed there for eight instead. He took an external degree at the Leningrad Institute of Finance and Economics.

"What do you owe to Komi besides your education?"

"I solved the financial problems of my family. I bought and furnished a three-room flat in Sofia, I have got a motor car. In Komi I used to work as a tractor driver, machine operator and cutter and team leader."

On the initiative of Vassil Djigrev, the amalgamated complex work teams in lumbering were first formed, and they proved very efficient.

The record of his team in timber production per year is still unbroken.

Recently the Leningrad Institute of Finance and Economics offered Vassil Djigrev postgraduate work on the problems of Bulgarian-Soviet integration in the timber industry. In the autumn he is planning to leave for Leningrad.

URANIUM MINING CHANGING CHARACTER OF AREA

Prague RUDE PRAVO in Czech 27 Apr 84 p 3

[Text] Straz pod Ralskem has an emblem which is a good 400 years old--the sunflower. It used to convey the fact that this little town is situated in an agricultural region surrounded by extensive fields. The character of the town today could, however, be far more realistically and plainly expressed than it is by this somewhat mysterious, vague, and at the same time properly rare symbol--namely, by the crossed mining hammers displayed on its outskirts.

Straz pod Ralskem is inexorably growing out of its former handicrafts and recreational tranquility into a mining town. The long sets of four-axled cars at the station of the local railroad, which bear the inscription "sulphuric acid" or merely " H_2SO_4 ," are evidence that uranium is being extracted by means of this chemical path.

The development of the town over the past two decades is inseparably linked to the production of this important mineral.

In reality, there remains very little of the original Straz, and in a few years, with the exception of the castle, there will be almost nothing. It is true that the national committee is now freed from many of the problems connected with the care and maintenance of irreversibly deteriorating objects, which is neither cheap nor easy.

On the other hand, the presence of new problems is equally incontrovertible. In 1 year alone four large prefabricated buildings and tall structural cranes became the dominant features of this urban landscape, which indicates that construction activity will not finish for a long time to come. The new citizens, who have gathered here from the most diverse corners of the republic, will merely take up residence, become acquainted with one another and get established. In addition they will merely break the shells of their privacy, and respond to a coincidental degree of activity as citizens.

In spite of all this the chairman of the City National Committee, Ladislav Neumann, the secretary, Jiri Schreyer, and the vice chairman, Pavel Kaufmann, have not become pessimistic. They do not doubt that once these new inhabitants have settled in a little with their families and become oriented they will not be less active than the local citizens, who have been incorporated into the town.

"For instance, in Hamr in the citizens' committee there are five women at the head, including Chairman Jitka Hortova and Vice Chairman Tanya Fuchsova, and these women will show us how to give 'drops,' if it is possible to imagine this," concludes Comrade Neumann with a smile.

This is in no way exaggerated. The Hamr citizens' committee is able to solve many things and deal with problems without delay and quite independently. Therefore, it is not surprising that similar behavior is demanded also of the City National Committee. In emulation, citizens' committees are being placed in the foremost cities, and aiding in this too is collaboration with members of the miners' rescue service.

"Including children, Hamr has 120 inhabitants. Fifty-eight citizens took part in a recent public meeting and a majority had something to say during the discussion period. We shall also send to Hamr officials from other citizens' committees so that they can see that it is possible to do everything," added Comrade Kaufmann.

On the whole, all the public spring meetings demonstrated that it is not enough just to criticize and bring together piles of suggestions; it is necessary for the general committee to follow up and solve matters within the circle of activity of their individual members.

Social organizations of the National Front are also providing aid. It may be true that members of the physical training associations of the uranium mines, who work well in a number of squads with the youth of all age groups, do not take part in the majority of the campaigns organized by the City National Committee. However, they compensate for this by spending their spare time at the new sports facilities, which include an indoor swimming pool. This pool is right now in the process of becoming one of the swimming centers for 1,000 x 100 meter relay races.

The youth movement workers are also spoken of with appreciation. It is true that 2 years ago they had to create order vigorously in organizations which had almost turned into "beer drinking clubs." The new officials have taken corrective work upon themselves and they devote a great deal of attention to all aspects of the education of their young members.

Praises are not only being sung for the good work of the Union of Women in Hamr, but also for the women's volunteer arm of the military, the firefighters, the fishermen and so on. It is a question now of developing a spark of interest in citizens, who still consider their own privacy "sacred" and have not yet trodden the path to any of the social organizations.

In a town where swift development is to a certain extent splitting it at the seams, can the daily needs of the people be met? It is possible to answer this question affirmatively. To be sure, the rapidly developing commercial system fully passes the test. Worse off are the unskilled laborers. Former structures broke down as a result of the overly deliberated reorganization, which was aimed at the neighboring district, and new problems were created. The uranium mines are still presenting stiff competition in the acquisition of new workers for white-collar and unskilled jobs.

The unskilled laborers, who are needed for the transport of solid waste or the maintenance of public lighting, some of them members of the City National Committee such as, for instance, the Technical Employees of Ximen, discharge their obligations entirely according to their own methods. The City National Committee after two election talks is still vainly trying to find a place for a dump which would suit all the enterprises, upon which its approval depends.

All transportation in the region of Straz moves along the highways. This requires a systematic system of regular cleaning for the thoroughfares and the diverting of freight from recreational communities. Thus, those who live in homes alongside the highways can enjoy them. The uranium mines as the chief user should safeguard the roads on the basis of a contract to provide spraying, sweeping and repair work.

"We cannot complain that the local plants did not have sympathy for the needs of the town. This holds good especially for the uranium mines," points out Comrade Neumann. He then enumerated in detail everything that had grown from this collaboration. There are, for example, modern hospitals, sports facilities, a completed house of culture and other buildings which serve those working in the uranium mines and all the inhabitants of the town. Established councils of managers are just being set up. Cooperation should then become even more firmly established.

The development of Straz pod Ralskem will bring to the citizens, the officials of the City National Committee and their partners from the plants many surprises and problems. However, it is important that they know how to solve them collectively.

12313

CSO: 2400/320

VACATION TRENDS, FREQUENCY OF TRAVEL REVIEWED

West Berlin DIW WOCHENBERICHT in German No 3, 19 Jan 84 pp 34-39

Article by M. Lohahl: "On the Development of Tourism in the GDR"

[Text] Tourism has become a matter of course in the GDR. Adequate vacations, rising incomes and increasing motorization, coupled with substantial subsidies for vacation travel, have had the result that more than half the population now goes away for vacations and, in addition, goes on many short trips. As regards frequency of vacation travel, GDR citizens are not far behind FRG residents.

Data on vacation and travel trends among the public in the GDR are compiled by us/ DIW polls conducted at irregular intervals. The answers show that vacation travel is frequent and of increasing importance: in 1968 15 percent of people over 15 traveled on vacation for 7 days or more; the 1980 figure was 37 percent. This is almost the same rate as in the FRG (58 percent).⁴

However, the result is very different when we scrutinize the destinations in the GDR. While the majority of FRG citizens take a foreign destination, only 25 percent did so in the GDR. Since only GDR citizens can take vacations abroad only in socialist countries, only retirees are permitted visits to Western countries (with the exception of official and business travel). Other sections of the public are allowed to go West only in exceptional circumstances (such as urgent family business).

An extrapolation of the travel ratio to the population as a whole yielded 8 million Germans for the GDR in 1980 (including children), who traveled on vacation at least once. In addition, and again similar to the FRG, repeat vacation travel has increased. In 1973 around 1.6 million GDR citizens utilized this opportunity, in 1980 more than 2 million.

In addition to vacation travel, short and day trips are also very common. An extrapolation of the data shows citizens took 18 million short trips at home and 2.5 million to neighboring countries (length of trip 2-6 days and a maximum of 5 nights away). At least a third of the population went on short trips at home. As for short trips abroad, in 1973 almost every eighth GDR citizen traveled 18

socialist countries. Also ascertained for 1975 were more than 100 million day trips (without spending the night) at home and abroad. Trips to neighboring socialist Poland and the CSSR were prominent here. Just under a third of every 100 residents (above 15) traveled to these countries. No later polls are available. Domestic travel is bound to have risen further, while trips to Poland have virtually ceased since 1980.

The large majority of travelers spend their vacations with the family. Each year about half all families go on a trip together. Still, tourism has not yet become a steady or regular habit for about one third of all households. Just as in the FRG, this applies mainly to retiree households and agricultural employees. The reasons cited arise from personal circumstances, such as being indispensable in the domestic setting (private garden and livestock), advanced age or health problems.

Inland tourism in the GDR is largely determined by the offerings of the FDGB and enterprise travel services. More than half all traveling families avail themselves of these opportunities each year. In 1982 the FDGB vacation service issued 1.8 million vacation trips to employees and their families, enterprise vacation services just under 3 million. Lately the enterprises in particular increased their offerings of vacations. On the other hand, the inland vacation trips organized by the GDR Tourist Bureau have declined considerably; in 1982 only 92,000 such trips were arranged, less than half the volume of 1970. Just under 40 percent of the vacationing families organized their trips privately.

Compared with private travel and travel bureau trips, the FDGB and enterprise vacation services offer a cheap alternative. Depending on income, season and the equipment of the vacation home, labor union members are offered 2 weeks with full board at M46 (multibed room) to M310 (luxury class, Interhotel) per adult. This price corresponds to less than a third of the actual costs; only about 15 percent of these costs are payable for children through the 10th grade. The subsidy from labor union and state funds amounts to an average M150 per vacation.⁴ In 1981 FDGB spending on vacations and recreation amounted to M368; M226 million were contributed by the state budget. An amount of M400 million was mentioned for 1983.⁵

The enterprise vacation service also offers trips to enterprise personnel and their families. Many state enterprises have their own vacation homes, and enterprises indulge in a lively exchange of accommodation. The money comes from the enterprise culture and social fund. The total spent by the state owned economy on vacation services in 1980 was M350 million.

Some 10 percent of vacationers go camping at home, twice as many abroad. Only about 6 percent of FRG vacationers choose a tent as their vacation accommodation, 5 percent opt for the more comfortable camper, still not very widespread in the GDR. Camping is by no means preferred only by poorer households. On the contrary: Families with higher incomes hold a greater than average share in camping vacations than in all others. The main reason cited for the choice of camping is its greater informality.⁶ Moreover, camping offers a better chance of spending vacations at the preferred time even in very popular resorts.

FDGB Vacation Service

			1970	1975	1979	1980	1981	1982
(1)	Urlauber	1000 Personen	1 140	1 447	1 620	1 679	1 764	1 183
(2)	Betten	(B) 1000 Stück	89.5	110.8	124.0	126.1	128.2	129.5
	davon im							
(3)	FDGB-Heimen	"	25.5	37.8	43.5	45.9	48.1	"
(4)	Erholungsheimen ¹⁾	"	3.8	5.9	5.9	6.0	5.6	"
(5)	Hotels ²⁾	"	-	2.3	2.4	2.4	2.4	"
(6)	Vertraghäusern ³⁾	"	32.2	31.4	30.2	30.2	29.7	"
(7)	Privatquartieren ⁴⁾	"	28.0	33.3	42.0	41.9	42.5	"

Key:

- | | |
|-------------------|-----------------------------------|
| 1. Vacationers | 5. Hotels ²⁾ |
| 2. Beds | 6. Contract houses ³⁾ |
| 3. In FDGB homes | 7. Private quarters ⁴⁾ |
| 4. Vacation homes | |

1) Enterprise vacation homes, related by cooperation with the FDGB Vacation Service.-- 2) Hotels used as FDGB vacation homes/ 3) Beds in contract housing with adjacent private quarters.-- 4) Private quarters adjacent to one-family homes and enterprise vacation homes.

Sources: GDR Statistical Yearbooks; 1983 GDR Statistical Manual

Enterprise Vacation Facilities

		1979	1980	1981	1982
(2)	(1) Insgesamt	2 558	2 709	2 935	2 997
	davon in				
(3)	Erholungsheimen	745	772	839	814
(4)	Schulungsheimen	44	57	44	59
(5)	Bungalows	874	849	991	1 020
	Wohnwagen, Zelte u.ä.	674	634	675	672
	Private, Vertragsquartieren	267	300	342	390
(2)	(8) Insgesamt	427	504	599	547
	davon in				
(3)	Erholungsheimen	79	75	72	70
(4)	Schulungsheimen	35	34	11	31
(5)	Bungalows	194	175	179	172
	Wohnwagen, Zelte u.ä.	121	120	106	104
	Private, Vertragsquartieren	49	41	42	44
(2)	(9) Insgesamt	17.9	19.9	20.3	20.9
(3)	in Erholungsheimen	64.3	67.4	69.3	69.3
(4)	in Schulungsheimen	72.9	74.5	80.3	84.3
(5)	in Bungalows	9.4	10.3	11.1	11.9

Key:

- | | |
|------------------------|--|
| 1. Vacationers (1,000) | 6. Campers, tents, and so on |
| 2. Total | 7. Private contract quarters |
| 3. In Vacation homes | 8. Overnight accommodation |
| 4. Schooling homes | 9. Percentage of all-year usable accommodation |
| 5. Bungalows | |

1) Excluding accommodation for short vacations

Sources: GDR Statistical Yearbooks; 1983 GDR Statistical Manual

At an average of 17 days, the length of stay of campers is longer than of inland vacationers generally (just 14 days). It is almost certain that the latter is due to the fact that the majority of vacation trips offered by the chief suppliers (FDGB, enterprises) are limited to this period.

The GDR region in greatest demand by vacationers is the Baltic coast. This is firmly in GDR hands. While, despite evident excess demand in many places, the numbers of native tourists achieves new records each year, foreign visitors have become less frequent since the mid-1970's. Among the 3 million 1982 visitors to the Baltic, foreigners accounted for less than 5 percent. The accommodation structure in the Baltic region reflects the trends of GDR inland tourism. Twenty-five percent each of tourists avail themselves of the offerings of the enterprise and FDGB vacation services. Another 25 percent of vacationers at the Baltic was accommodated at state camp grounds. Only the accommodation arranged by the travel bureau showed a decline.

Vacationers in the Baltic Resorts ¹⁾

	1970	1975	1980	1981	1982	1982 1970=100
	in 1 000 Personen					
(1) Unsauber, insgesamt	1 861	2 563	2 677	2 936	3 015	163
(2) darunter Ausländer	61	151	137	135	148	243
(3) Unterkunft						
(4) FDGB-Ferendienst	439	587	664	725	736	168
(5) Betriebsheime und Zeltlager	339	482	634	702	715	211
(6) Öffentliche Zeitplätze	497	733	659	728	712	143
(7) Kinderferienlager	143	164	171	176	169	118
(8) Jugendherbergen	56	72	83	94	139	248
(9) vermittelt durch das Reisebüro der DOR	160	110	80	79	84	53
(10) Private Wochenendhäuser	35	54	62	68	72	204
(11) Sonstiges 2)	192	341	324	364	399	202
	(12) in %					
(4) FDGB-Ferendienst	23.6	22.9	24.8	24.7	24.4	.
(5) Betriebsheime und Zeltlager	18.2	18.8	23.7	23.9	23.7	.
(6) Öffentliche Zeitplätze	26.7	28.6	24.6	24.8	23.6	.
(7) Kinderferienlager	7.7	6.4	6.4	6.0	5.6	.
(8) Jugendherbergen	3.0	2.8	3.1	3.2	4.6	.
(9) Reisebüro der DOR	8.6	4.3	3.0	2.7	2.8	.
(10) Private Wochenendhäuser	1.9	2.1	2.3	2.3	2.4	.
(11) Sonstige 2)	10.3	14.1	12.2	12.4	12.4	.

Key:

- | | |
|--------------------------------------|--------------------------------------|
| 1. Total vacationers | 7. Children's camps |
| 2. Foreign tourists | 8. Youth hostels |
| 3. Accommodation | 9. Arranged by the GDR Travel Bureau |
| 4. FDGB Vacation Service | 10. Private weekend homes |
| 5. Enterprise homes and camp grounds | 11. Others ² |
| 6. Public camp grounds | 12. Percentages |

1) Vacationers in the entire Rostock district.-- 2) Private stays in hotels, inns and private households.

Sources: 1982 GDR Statistical Yearbook; 1983 GDR Statistical Manual.

Travel Abroad by GDR Citizens

In the 1970's, the Central European CEMA countries reduced the administrative restrictions on reciprocal tourism. In early 1972 visa and passport requirements were dropped for tourist travel between the GDR, Poland and the CSSR; indeed travel to and from Poland was exempt from customs inspection for 1 year. At the same time, travel to the CSSR remained subject to foreign exchange restrictions, though GDR citizens were able from 1972 through 1979 to freely acquire Polish currency. In the average of these years, GDR citizens made 4-5 million trips to Poland and 4 million trips to the CSSR, roughly 90 percent of all travel to socialist countries. This officially ascertained international traffic, however, includes business, day and short trips as well as vacation travel, without any category being listed separately.

Due to the exacerbation of economic and political problems in Poland, tourist traffic to that country has been restricted again. To begin with a minimum exchange of 200 zloty (M26) was fixed per day and person. Since November 1981 an exit visa is granted only on the basis of a written invitation, confirmed by the police. According to GDR statistics 3.5 million GDR citizens visited Poland as late as 1979. Polish sources (the GDR ceased reporting) cite only 262,000 GDR visitors in 1982. GDR insistence on preventing contacts with Poland is also documented by the fact that organized tourism has as good as stopped altogether. In 1979 the GDR Travel Bureau arranged 130,000 trips to Poland for its customers, in 1982 no more than 500.

Travel to the CSSR, on the other hand, has stabilized at a high level. GDR tourists do not encounter any special problems in the CSSR. The upward trend of the 1970's for travel to Hungary has not continued. The quite informative Hungarian statistics reveal that overnight GDR tourism peaked at 2.4 million in 1979. The sharp drop in the following year relates to the radical price increases for tourist services in Hungary. Since Poland has been lost as a vacation country, the flow of tourists to Hungary rose once more, and so did overnight stays (1981: 1.9 million). However, while the majority of FRG citizens stayed in hotels, GDR citizens had to be satisfied with accommodation in other facilities (private rooms, camping, and so on--68 percent of GDR overnight tourists). Bulgarian statistics reveal a similar structure; in 1981 GDR citizens spent 1.9 million nights there, also, but only half of them stayed in hotels.

Normally GDR vacationers are not short of money. All strata share a willingness to pay for greater vacation comfort. However, vacationers get only limited amounts of foreign exchange--M20 per day and capita for travel to the CSSR and Romania, M30 and M40 respectively for travel to Hungary and Bulgaria. With the exception of travel to Bulgaria, GDR citizens also have an opportunity to purchase gasoline coupons. The free movement of vacationers is further restricted by the prescribed maximum period of stay in some countries. The CSSR allows 6 weeks, Hungary only 14 days, a short time indeed. In 1982 and the first 9 months 1983 fewer GDR tourists visited Hungary. Since mid-1979 Hungary has consistently enforced a policy of "quality before quantity" with regard to tourism. Hungary justifies its greater attention to visitors from the Western countries by pleading the large amount of its debts in convertible currencies.

Border Crossing Tourist Travel in the GDR 1970-1982

(1)		1970	1975	1979	1980	1981	1982	1970	1975	1979	1980	1981	1982
Ziel- bzw. Herkunftsland		1 000 Personen						1 000 Personen					
		(2) Ausreise von Inländern						(3) Einreise von Ausländern					
(4)	Alle Länder	2 849	13 401	12 415	11 500	9 800	9 500	5 600	16 183	15 963	14 497	10 034	8 350
(5)	Sozialistische Länder	1 749	10 757	9 174	8 500	6 500	6 100	1 400	8 745	8 676	7 806	4 916	3 250
	darunter:												
	Bulgarien	125	181	160	160	190	190	27	114	124	130	113	115
	CSSR	520	4 572	4 525	4 600	4 600	4 500	596	1 733	2 327	2 345	2 272	2 250
	Polen	519	5 345	3 546	2 500	371	262	615	5 675	5 367	4 238	1 740	
	Rumänien	15	72	19	14	13	12	11			50	60	
	UdSSR	221	310	381	216	209	213	45	251	306	289	292	
(6)	Ungarn	236	324	489	500	800	700	71	287	295	206	275	255
(7)	Westliche Länder	1 100	2 644	3 240	3 000	3 300	3 400	2 800	7 938	7 326	6 691	5 118	5 100
(8)	nachrichtlich: Bundesrepublik Deutschland 2)	1 010	2 300	2 900	3 000	3 000	3 000	2 500	7 260	6 400	6 077	4 507	4 500

Key:

1. Destination/country of origin
2. Departure of GDR residents
3. Entry of foreigners
4. All countries
5. Socialist countries
6. Hungary
7. Western countries
8. Reportedly FRG²

1) Estimated.-- 2) Including West Berlin.-- 3) Only persons handled by the travel bureau.-- 4) Including 1.4 million travelers whose nationality was not reported.

Sources: GDR Statistical Yearbooks; World Tourism Statistics, Vol 34, 1981, and Vol 35, 1982; partner country statistics and press reports from the CEMA countries.

The GDR as the Country of Entry

In 1972, when the GDR eased up on tourist traffic with its neighbors Poland and the CSSR, a wave of visitors began arriving, mainly of Poles (1972: 10 million). Supply bottlenecks arose and were countered by new restrictions (limited currency exchange, and so on). Subsequently the flow of visitors from Poland stabilized at a high level (5-6 million per annum). For years Polish and Czech tourists affected the street life of the GDR. By comparison with these two, visitors from other socialist countries had no more than a minor role.

Since 1979 Polish tourist traffic has been subject to greater GDR restrictions. According to reports by the World Tourism Organization (WTO) about 1 million Poles crossed the GDR border in 1981. Polish departure statistics mention departures to the GDR as 1.5 million in 1981 and 99,000 in 1982.

In the 2.4 million hotel nights in 1981, 1.6 million were accounted for by the CEMA countries excluding Romania. The Soviet Union held the lion's share at 0.9 million nights in GDR hotels. This structure had barely changed since 1978; the 18 percent decline in foreign tourists in GDR hotels 1978-1981 was due mainly to fewer visitors from other (Western) countries.

Citizens of the FRG predominated among Western visitors to the GDR. The agreements concluded in connection with the basic treaty and the Four-Power Agreement facilitated entry of citizens from the FRG and West Berlin. Visitor numbers almost tripled in 1972/1973 (1973: 7.1 million). The change in the minimum exchange had a great effect. This minimum exchange for visits to the GDR from the West was introduced in 1964 (DM5 for all visitors from nonsocialist countries; DM3 for West Berliners) and raised in 1968 for the first time (to DM5 for visits to East Berlin and DM10 for travel in the GDR). At the end of 1973 the GDR imposed a 100 percent increase in the minimum exchange to DM20 per day and person; this time retirees were included in the regulation also. As a result visits dropped radically. The partial lifting of this measure in the following year caused the numbers of tourists to gradually rise again (1975: 7.3 million). The increase in the compulsory exchange in October to a uniform DM25 (before that DM13 for visits to the GDR and DM6.50 for visits to East Berlin) and the extension of the obligation to exchange to pensioners and children led to another decline in tourist traffic. According to the WTO the 1981 drop in visits from the FRG amounted to 18 percent and from West Berlin to 36 percent. In the past 2 years entries have remained at a low level.

On the other hand, group tourist travel to the GDR, organized by travel bureaus in the FRG and West Berlin, have recorded an upsurge in the past 2 years. According to an extrapolation of the Federal Ministry for Inner-German Relations, 165,000 tourists traveled to the GDR this way in 1983. It is worth mentioning that the numbers of youth group members doubled by comparison with 1982.

GDR travelers to other socialist countries have always outnumbered entries to the GDR. We must conclude, therefore, that the GDR is compelled to accept a deficit in CEMA tourism. Figures are not published and are hard to estimate. Within CEMA all commercial and noncommercial transactions are bilaterally settled at government level. They are assessed by very varied criteria. When it is a matter of the goods trade, modified world market prices are used; there are no properly established exchange rates for their conversion to the national currencies. The inland prices of the respective countries apply to tourist services; conversion to other currencies proceeds by the so-called rate for noncommercial payments. Due to this dual valuation, deficits or surpluses incurred in tourist traffic cannot be simply settled together with the goods traffic. Presumably every CEMA country endeavors to record a bilaterally balanced tourism account. Tourist traffic among the CEMA countries is therefore obstructed also by the currency order in effect.

With regard to Western tourism, the GDR registers a surplus. For one more Western tourists enter the country than there are GDR citizens departing, for the other the GDR obtains minimum revenues in convertible currency from each traveler (currently DM25 per day and person) and, for its part, allows its departing citizens a bare minimum only per day.

Hotel Capacity

Accommodation in the GDR is short.

Beds in Hotels and Similar Accommodations

1977

Bed stock	57,000	
Beds per 1,000 residents	3.4	4.3

Source: World Tourism Statistics (WTO), Vol 31, 1978 and Vol 35, 1982.

At 4 beds per 1,000 residents, the density of beds is low; the respective figures for the CSSr are 8, for Bulgaria 17, for Italy 27. More than 90 percent of the beds is accounted for by the Interhotels--the leaders in terms of size, equipment and service--of which there are 31 at this time. These Interhotels are classified by 1-5 stars; the 5-star hotel represents the top performance level. Each hotel category is matched by a price category; overnight prices are charged visitors from Western and socialist countries. Two 5-star Interhotels in East Berlin and one in Leipzig are accessible only to visitors paying in convertible currency.

Under the heading "other accommodation," the GDR records only camping sites and youth hostels; schools are used as hostels in the vacations. Camping has increased little in the past 10 years. In 1981 there were 177,000 overnight camping spaces, 23,300 youth hostel beds. Statistics are nonexistent for private accommodation. The GDR hotel guide counts only facilities with more than 10 beds and cites hotel capacity as 46,600 beds (Berliner Hotelguide, 1979); WTO statistics report 68,000 hotel beds in 1981. It may be assumed that the latter figure includes private accommodation whenever it is particularly available.

The accommodation capacities of the FDGB and the enterprises do not count for the public accommodation system. In 1981 the FDGB Vacation Service had available 128,000 beds in its own vacation buildings and contract buildings (hotels, enterprise homes, private rooms). Enterprise vacation facilities had the respectable overnight capacity of 362,000 places in 1982, but only 20 percent were usable the year round. Most enterprise vacation facilities are designed in the high summer season to help the largest possible numbers of employees take a vacation.

The low hotel capacity is a reflection of the fact that tourism in the GDR has a meaning different from that in the FRG. In the FRG tourism has led to the rise of a prosperous branch of the economy with many employees. In the GDR, on the other hand, domestic tourism is primarily a cost factor. Hotels and inns need to be constructed and maintained, the labor force trained and employed. Earnings from tourism meet at best a third of the costs in the subsidized sector, and we may assume that they do no better than meet costs in the non-subsidized sector. More vacation travel, therefore, simply means more expenses for the state, certainly not more profit nor more taxes. Consequently the tourist infrastructure is remarkably poor for a developed country such as the GDR; this holds true for hotels and restaurants, their quantity and quality.

Overnight Hotel Stays by Foreigners in the GDR (1,000 overnight stays)

		1978	1979	1980	1981	1981 1978=100
(1)	Insgesamt	2 859	2 491	2 297	2 437	84,9
	darunter:					
	Bulgarien	147	118	125	126	85,7
	CSSR	214	291	265	276	87,9
	Polen	272	234	202	214	49,1
(2)	UdSSR	841	904	870	876	104,5
	Ungarn	223	183	190	204	90,7
(3)	Alle Länder	1 240	779	790	822	72,1

Key:

1. Total

3. All other countries

2. Hungary

Sources: WTC, World Tourism Statistics, Vol 33/1980; 34/1981; 35/1982

11698

CSO: 1300/501

ECONOMIC DYNAMISM EMPHASIZED BY CENTRAL COMMITTEE

Budapest OTLET in Hungarian 3 May 84 p 4-5

[Interview with Lajos Faluvegi, deputy premier, member of NSWP Central Committee]

[Text] On 17 April, the Central Committee of the NSWP decided upon the direction of the further development of economic management. The announcement could be read in the dailies. However there is still a lot of work to be done, even there is little time to get from the guiding principles to practical realization. What can be said about the background of this decision, the key questions of the next step, and the progress of government organizational work? We asked Lajos Faluvegi, deputy premier and a member of the NSWP CC, after the meeting.

Question: Recently the CC of the NSWP established a stand without fully carrying out its decisions of 1966. To what extent does the current decision rejuvenate and extend the conclusion reached 18 years ago?

Answer: The 1968 reform, the implementation of which was decided upon in 1966, was a very successful undertaking of the Hungarian political and economic leadership, but was not without risk. This was reinforced by the current debate of the Central Committee. If we want to adjust the economic guidance system to changing assumptions and goals, then we have to take steps forward, and every once in a while we have to carry out comprehensive modernizations. Even the most perfectly designed mechanism loses its operational capability with the passing of time. Keeping this in mind, we consistently modernized our economic guidance systems since 1968. But this only changed one or two guidance variables at a time.

The 17 April meeting of the Central Committee took up a stand supporting the comprehensive development of the guidance system. They did this because the experiences of the past years have proven that the 1966 basic principles can withstand time. But only the more consistent realization of these principles can release the energies which are essential in achieving our economic policy goals. So we are now continuing and enriching the reform which began in 1968, based upon the guiding principles of the party.

The current decision expresses continuity in that the economic mechanism is still based upon the organic interdependency of the plan and the regulated market. Continuity is also expressed in that the further development of the

economic guidances extends from the needs of economic and social policy to every aspect of the guidance system. It requires that we coordinate and comprehensively and gradually perfect planning, economic regulation and the institutional and organizational decision making process. By all of this we develop the human factor in a more complete sense.

Now does the current decision advance the 1966-1968 decision? Before all else, in our having to modernize outdated guidance mechanisms, while preserving successful methods. We have to adjust those mechanisms to the underlying changes, both internal and external, that took place in the past two decades, and to the needs arising from the new qualities emphasized the intensive developmental phase. In keeping with the stance of the Central Committee, we have to find new solutions, such that improve efficiency and competitiveness, and thus speed up economic development and lay the basis for a higher standard of living. I would like to call attention to one more difference. During the time when the mechanism was just starting, we built in a series of brakes into the guidance system in order to avoid societal conflicts. (For example, control of wages, the pace of the reduction in state subsidies.) Now we talk about "brakes" a lot less than we talk about "engines" of the economy.

Question: What are the main characteristics of the further development of the guidance mechanism?

Answer: Since development is all-encompassing, it is difficult to briefly summarize its main characteristics, without impairing the interrelationships of its contents. Additionally, the difficult period for detailed planning and execution of the changes lies in the future. Anyway, we want to make progress in three main directions.

In the general framework of developing the economic guidance system, we want to strengthen the strategic aspect of planning. That aspect involves the organization of the entire economy and society. In the future, the main mission of central governmental economic guidance is to plan, organize and supervise the economic plan and the state budget, as well as coordinate economic processes and operate the mechanisms. For example, these are wage and price regulation, taxes, credit, interest and exchange rate policy. These missions are viewed as assignments of the entire government. They are not carried out by each individual guidance organization doing its own function. Decisions regarding investments, which originally influenced the organization of the economy, continue to belong to governmental spheres. We seek to improve mutual effects to plans and planning throughout several time spans, including one, 5-year and long-term plans. We want to strengthen the professional and social contacts in economic planning work, its scientific basis, its democratic nature and its ability to be understood by all.

The main direction of the modernization of economic regulations is that, these regulations should enhance the interest of the enterprises in profits, and thereby it strengthens the enterprises' sensitivity toward production, marketing and expenses. It is obvious that modernization of structure can only be accelerated if a larger fraction of the profit stays with the enterprise. By modifying the system of control we want to create and foster an economic environment which puts firms operating at an above average profit at an advantage.

Inefficient firms are to be forced to renew their operations or divest. We definitely want to implant the virtues of entrepreneurship, performance and various forms of incentives into the large-enterprise sector in order to create a much higher level of personal monetary interest in the entire economy than we have today. In order to better coordinate the elements of standard of living policy, we should institutionalize economic, professional and firm-level negotiations concerning the unification of interests.

In order for planned economic guidance in the process of running an economy to work as a mechanism and with better results than today, we will continue to form and to make our economic organization and institutional system more flexible. We will moderate the exaggerated inflexibility of enterprise organization and would like to attain greater diversity. Simultaneously, we want to make the firms interested in concentrating the decision making process concerning the financial instruments necessary for production and marketing at the enterprise level.

We want to create more situations where the available factors of production are present and workable in a way which meets the interests of our peoples' economy and enterprises in the best possible manner.

Question: The decision further strengthens the enterprises' independence and increments their freedom. The center of the enterprises' interests remain profits. The easiest way to increase profits is to raise prices. The current situation can only partially prevent this from happening. Will we be able to keep prices and wages under control?

Answer: Up to now we have kept prices and wages under control. However, public opinion often sees wages as being more restrained than prices. I emphasize that the level of price and wage inflation is a very important political and economic issue. In order to improve supply and demand and the product market, we first of all have to make producers and merchants interested. So we want to create a price system that will allow a decent profit and primarily to induce the expansion of supply. The elimination of shortages sometimes comes with price increases. Even today those price increases frequently cover the expenses of a wage increase.

In this price system and the price mechanism we have to use rules which block unjustified price increases. We will also ensure tighter control over price increases. But the best restraint can be set up among the firms themselves. If cost sensitivity increases and the market gets stronger, then the "seller" firm's attempts at raising prices will be restrained by the interests of the "buyer" firm. It is obvious that every enterprise wants to sell high and buy low, but enterprises are buyers and sellers simultaneously. We want to gradually expand the sphere of prices determined among firms, the conflict of interests between seller and buyer creates a barrier to the feasibility of price increases.

The main issue related to the link between prices and wages, is whether is it possible to restrain the urge of enterprises to raise prices only in order to raise wages? A main goal of the changes in income regulation is to restrict

this type of behavior. Based upon previous concepts, where the preconditions for this exist or can be created, we must eliminate regulation of the growth of average wages as well as the progressive income tax linked to growth. We have to reach the point when firms think in terms of overall wage outlays, not just the annual 3-4 percent rise in wages. For this, we need a different form of income regulation. If the strong "interest in wages" is reduced, and the "interest in profits" is increased, then hopefully the contradiction between prices and wages will be moderated. Of course, we have to know that this can never be totally eliminated. This is also part of the fight against inflation, the great challenge of this age. We want to strengthen our defenses in this area now! But we will only be successful, if we look at this concept from every side, and if we consider both the interests of social policy and practical economics.

Question: The communique released by the meeting of the Central Committee familiarized us with new concepts: enterprise council, elected management, communal property ownership. Now will the new concept of enterprise management promote the goals of economic policy?

Answer: As I mentioned before, in the interests of intensive economic development, economic policy attempts to increase economic efficiency, improve the quality factor in management, strengthen the income producing capability of the economy, and make the management of wealth more successful. The views of the workers and work collectives, and last but not least the managers property views have more than a minor role in responsibility for the running of the economy. Managers today are in a double bind. From "above" the regulators, and from "below" the collectives make demands on them. It had to be determined whether the enterprise manager is a "sergeant of state control, or rather a general staff level leader of the collective." The new forms, the enterprise councils, the elected leadership, reveal that we have decided in favor of the latter, in concert with out desire to strengthen the independence of firms. The feeling of ownership cannot be reduced simply to the election of management. It was also necessary for the workers to take part in deciding issues concerning the future of their firm, and thus their own fate. Earlier, for this purpose we established the board of directors with authority to decide, but the new methods of plant management are more substantive and guarantee participation with better results. However, we have to know how to live with these rights: the collective has to mature to the missions, and democratic conditions in the workplace have to be fulfilled.

The favorable or unfavorable development of enterprise and individual performance can, in the future, prove to the collectives even more clearly and materially perceptively whether or not their decisions and management has results. Thus, it does matter whose leadership they operate under, and who makes the decisions which decide the issues regarding the development of the enterprise!

Question: The Central Committee did not issue laws; instead it made a political decision. When will the effects of this be felt on the every day life of the economy and society?

Answer: The execution has to be organized by the state organs. The next few days the Council of Ministers will accept the guiding principles, and the State Planning Committee will work out the details. The majority of the required changes, especially those regarding greater interestedness, will hopefully be realized in 1985. This is so the economic organizations can have practical experience when they consider their own strategic ideas, before the start of the Seventh 5-Year Plan. In several areas we can expect arrangements only after 2-3 years regarding the establishment of a social consensus and the creation of the required preconditions.

Regarding the expected effects, we can only establish the preconditions, of creating larger incomes from efficiency gains, from the further development of the guidance system. Then division [of profits] should be differentiated, proportional to the performance of the participants. Therefore, its effects will not materialize overnight. It will depend on how fast the existing but undiscovered internal reserves of the economy swing into motion. The favorable economic and social effects of all this will be felt as fast as the pace of practical results management will allow it. Enterprises have to live with the opportunity of independent operations: they have to actually become entrepreneurs!

The modernization of the guidance system is accompanied by great expectations. This is the case especially among young people, who know and understand that this affects their future greatly. If they are not deceived in their expectations, and instead they join the cause with their minds, then in the words of Mihaly Vaci, "they can be the rain that makes the sand fertile."

We have to meet these expectations with mutual understanding and honest work. I am convinced that in the coming period our work will not be measured by who can make the loudest demands against progress, but by who does how much in its interest.

CSO: 2500/373

OPERATION OF SMALL BUSINESSES IN 1983 PRESENTED

Budapest FIGYELO in Hungarian 3 May 84 p 4

[Article by Andras Mohos and Peter Varga: Small Businesses--Last Year's Balance"]

[Text] According to an assessment made on the basis of the 1983 "declarations" of our small producers, on 31 December 1983 there were 16,700 partnerships involved in economic activities, employing nearly 180,000 people. Most of these producers were independent business work partnerships, enterprise partnerships or specialized industrial service coop groups. Compared with the year before, the number of partnerships connected with base enterprises (cooperatives) has increased more than two-and-a-half-fold, while the number of independent business work partnerships has doubled.

According to this assessment which was prepared by the Chief Auditing Directorate of the Ministry of Finance the growth rate of sales revenues has even exceeded the increase in the number of partnerships; compared with last year, in 1983 their revenues nearly quintupled (to 14.1 billion forints). Compared with the enterprise and cooperative sectors as a whole the sales revenues of partnerships have been still insignificant, amounting to merely 0.4 percent of the former. The economic importance of partnerships can be better demonstrated by their ratio of expended incomes. The incomes that were paid out last year in our partnerships amounted to 2.8 percent (6.4 billion forints) of the total wage outflow of our enterprise and cooperative spheres.

Rapid Sales Revenue Increases

The sales revenues of independent business work partnerships have risen from 1.2 billion forints in 1982 to 4.5 billion forints, in the case of enterprise business work partnerships they have climbed from 0.9 billion to 5 billion forints while the sales of specialized industrial service coop groups have increased from 0.8 billion to 3.9 billion forints.

Another indication of the growing role of small businesses is that their increased sales revenues have been due to more than just increases in their numbers. Their per unit performance--measured in sales revenues, for example-- was greater than in 1982. While,

for example, in 1982 an enterprise work partnership had earned an average of 262,000 forints in sales revenues, in 1983 it already earned 504,000 forints (in the case of business work partnerships the corresponding figures are 536,000 forints and 970,000 forints, respectively).

In assessing sales revenues (and, consequently, performances) we must differentiate among data according to the type of business from which they originate. Looking at small businesses as a whole, their cost per unit of sales revenues is lower (10 percent) than it is in the case of the "traditional" producers of our national economy (77.6 percent). In the case of independent business work partnerships and specialized coop groups the sales return-to-cost ratio was 54.7 and 46.4 percent, respectively, while in the case of enterprise work partnerships it was merely 21.1 percent.

While the ratios which in the case of independent units differ from our national economic averages suggest significant savings in the area of non-productive costs, the extremely low indexes of enterprise work partnerships clearly show that our enterprises pay only for the amount of work which their own partnerships perform, and that the contracts they sign with them are "material-free." (Their position, incidentally, has been even further enhanced by their tax-exempt status.)

Last year our business work partnerships paid out 6.4 billion forints in personal incomes which was nearly four times the amount they had paid out in the previous year. To a great extent, the higher income levels attained by our business work partnerships have been due to the fact that there are more people (30 percent) involved in this business form on a full-time basis. On the average the income of full-time members is twice as high as the income earned by people performing auxiliary activities. The incomes received by entrepreneurs and individual businesses are spread out over quite a wide range. While in 37 percent of our partnerships the average monthly income has not reached 1,000 forints, in 6 percent of them it has exceeded 9,000 forints.

Table 1. Small Businesses

	Number	Size of workforce	Per capita monthly wage
Independent business work partnerships	4,629	27,600	5,500
Enterprise business work partnerships	9,837	104,800	3,500
Specialized industrial and service coop groups	1,276	42,193	3,600

Sixteenth of a century. The average income of the population in 1982 was about 1,000 dollars. They had their own shops and stores. The population was about 100,000. The population was about 100,000. The population was about 100,000.

Form of business	Number of cases	Value	Percentage
Business work			
partnerships	81	745	14.1
Enterprise work			
partnerships	2	10,000	4.0
specialized co-ops			
groups	1	20,000	15.0
Corporations	73	100,000	13.9
Private trade			
corporation	1	10,000	10.0

Contrary to the common belief, small businesses have not created a significant new market, and some isolated cases notwithstanding, the gap between entrepreneurs and businessmen has widened. Of nearly 180,000 new jobs only 24,000 have been created by small businesses. Firms which have attained a business of 100 employees have already with the loss of attracting people after working for them, even in our independent partnerships the ratio of small business is relatively low, amounting to only 25 percent.

among the various types of partnerships with respect to their conditions operation according to whether they operate independently or as units attached to a base enterprise.

In the case of non-independent forms we cannot talk about the assumption of any significant business risks. The people involved do not have to give up their jobs, the responsibility lies with their respective enterprises, and as the Table below indicates their financial risks are minimal. Their accumulated assets equal to about 2 months of entrepreneurial income per person, most of which--more than the amount of their financial contributions--have come from revenues earned. (For existential reasons risk taking is also not very strong among those involved in independent business work partnerships. Barely more than a quarter of the people working in them are doing so on a full-time basis, and for most of them financial security is provided by another place of work.)

Table 3. Some Conditions of Operation Among Independent and Non-Independent Partnership Forms in 1983

Item	Per capita Index values in independent non-independent businesses in forints	
At the net value of fixed assets	7,800	400
At 50% value of materials and semi-fixed assets	8,400	1,100
Self-produced assets	1,100	200
Financial contribution*	10,000	1,200

*Unlike in the earlier examples this index pertains only to members, not to the entire workforce (members+employees)

One of the usually non-quantifiable disadvantages of independence is that these independent forms often have a very high number of outstanding accounts. Our audits also confirm that capital-deficient small businesses which are unable to be paid for longer periods of time often become hurt when their commissioning enterprises fail to pay them or fall behind in their payments.

A Thousand Have Closed Down

Last year in the enterprise and cooperative spheres--judging from the balance sheet reports--partnerships earned nearly 8 billion forints in sales revenues. Compared with the production and investment costs of our enterprises this sum is still not significant in national economic terms, for it does not even amount to 1 percent. In certain branches and specialized branches, however the background and cottage-industry activities of businesses have already had a significant impact, and their highly accelerated rate

of growth--as evidenced by the quintupling of investment values compared with the previous year's levels--suggests that small businesses may become if not the determining, at least significant factors in the background industry of our enterprises.

The forms with the greatest impact on the economic activities of our enterprises have been the various partnerships formed by their own workers (i.e., the VGM's [enterprise work partnerships] and specialized coop groups). Last year 37 percent of our enterprises and cooperatives (1,755 producers) had self-established small businesses operating on their premises. One of the important motives behind the formation of partnerships has been the prospect of increased wages for their workers. It has enabled enterprise management to develop a performance-rewarding, differentiated system of "waging" which without cutting the income of people who work less efficiently or who do not belong to a VGMK [enterprise business work partnership] can prevent the outflow of excess income from affecting enterprise wage levels. On the average the incomes that were paid out by our businesses in 1983 amounted to about a 3.6 percent wage level increase above the level that had already been attained. The only areas where the effects of business incomes on wages significantly differed from the average was in agriculture and health services: here they amounted to 7.3 percent and 0.6 percent, respectively. Underscoring the probability that businesses have had a favorable effect on enterprise production is the fact that in industry the enterprises which had established business work partnerships or specialized coop groups have achieved 10.4 percent higher profits than in the previous year, while the profits of our other enterprises have declined by 1.2 percent. (This phenomenon was also apparent in 1982.)

At the same time it must also be realized that their favorable and tangible economic effects should be measured not so much in terms of the production volume of small businesses as in terms of their ability to keep the size of their production force in line with the limited capacities available, and to expand lacking background activities and services.

One of the things that has kept performances and incomes from coming into perfect harmony is the fact that in the present, arguably still initial period we have not seen any significant competition evolving among our businesses. In the case of independent forms a growth in the number of partnerships may already be an adequate condition for competition to develop. Certain manifestations of this could already be felt in some areas--in construction, construction planning, organization and programming--last year. The same could be said, however, about the fact that in the first 2 years already some 1,000 enterprises have ceased operation, mostly due to a lack of orders or to unfavorable, "unexpectedly" small profit margins.

MINISTER UPDATES OIL, GAS EXPLORATION PROGRAMS

Katowice TRYBUNA Robotnicza in Polish 11 May 84 p 3

[Interview with Jerzy Malara, vice minister of mining and energy, by Jozef Janik; date, place not given]

[Excerpt] Question: As the man in charge of oil and gas mining in the Ministry of Mining and Energy, do you believe that we will strike "big oil" in Poland and equally big gas deposits?

Answer: I don't believe in "big oil" and Poland will not be another Kuwait. Simply, the country's geological structure rules this out.

Even if one deposit or another is discovered, this is not even enough to reach the level of oil extraction attained previously. In the best period, in the 1960's, Polish oil companies managed to mine 350,000 tons of oil. The oil field discovered in Kamien Promorski alone then yielded 800 tons of oil per day. Now that is down to 100 tons.

Question: What is the present extraction level then?

Answer: This year, some 200,000 tons will be mined. This is not much but when you consider that to buy that amount of oil abroad we would have to pay 1.5 billion dollars in 1984, it is something. Of course, the present level of extraction is not the peak of our opportunities. According to geologists, if a number of conditions were met, Poland could mine up to half a million tons of oil a year. However, we are unlikely to do better than that.

Question: At the time of the [December 1980 oil well] blowout at Karlino, in northwest Poland, it appeared that we had hit upon a huge oil deposit that would soon put an end to Poland's economic woes.

Answer: The illusions were short-lived. The Karlino wells have yielded 72,000 tons of oil so far. Now the well is plugged because the gas pressure is too low. However, thanks to the discovery of a fair-sized gas deposit in the nearby Bialogard, the pressure will increase as the gas is pumped underground. It should be possible to squeeze another 30,000 tons of oil out of these wells. Extraction will be resumed at the end of the third quarter of the year. I would like to add that in the same area, in Blotno and Wysoka Kamienska, 25 tons of oil per day are obtained thanks to the discovery of new gas deposits.

Question: Is it worth it to mine such minute quantities?

Answer: It is, if you consider the great shortage of the fuel in Poland and its high price on the world market. We must get any amount we can. You should also keep in mind that we cannot use some of the deposits we have found because of the high content of hydrogen sulfide. This is a very poisonous gas which requires special steel for wellheads and special desulfurizing installations. A gas desulfurizing installation devised at the Gas and Oil Institute of Cracow became available in Kamien Pomorski last year but it is still giving us a bit of trouble.

Question: Given such a dearth of gas and oil, isn't it desirable to increase the scope of prospecting for new deposits?

Answer: Exactly. In the beginning of the 1970's, we used to drill a total of half a million meters of holes per year, which ensured a growth of gas resources by 6-7 billion cubic meters a year. In recent years, due to the shortage of materials and drilling equipment, we have been down to 300,000 meters. As a result, the growth of deposits is lower than current production.

Question: A 1982 executive order of the Council of Ministers clearly defined the needs and specified the short- and long-term goals of developing methane-rich gas extraction.

Answer: That order put a halt to the regression in this extremely important branch of the economy. As a result, next year the total number of newly drilled holes should add up to 520,000 meters. In this way we should return to an annual growth of gas deposits by 6-7 billion square meters.

Question: So it is possible to expect a growth in extraction of oil and gas?

Answer: Gas extraction, calculated in terms of methane-rich gas, should rise from the present 4.4 billion cubic meters a year to 5.5 billion in 1990. However, this is far less than the country needs and huge quantities of gas have to be imported from the Soviet Union. At present, we buy 6 billion cubic meters of methane-rich gas in a year. In 1986, this will increase by another 1 billion meters. To this end, we are starting construction of a pipeline running from Kobrin via Brest to Warsaw, which will ultimately be capable of sending 5 billion cubic meters of gas per year.

Question: But it is also necessary to increase prospecting of oil. Some people say the deeper we dig, the greater the chances of locating oil and gas reserves. How is the exploration of the deeper strata proceeding?

Answer: The deepest hole sunk so far is 6,006 meters, but now we are going even deeper in the Carpathians. At Raszowa, our target is 6,200 meters. At Kazimino, we are going to drill to a depth of 7,000 meters. Those countries which have huge oil deposits situated near the surface do not have to drill such expensive holes. The Kuzmina hole is a very costly undertaking and is quite difficult from the technical point of view. We have to be prepared to encounter very high pressure there. This one hole is going to cost about a billion zloty to drill.

Because natural gas availability will continue to be limited, it is necessary to use it in the most economical way and eliminate all fuel waste.

In the last decades, we have considerably expanded a number of industries which are heavily dependent on natural gas supplies. The gas is mainly used for technological processes in the chemical industry. The fertilizer plant at Police is going to need up to a billion cubic meters of natural gas a year when its expansion is completed. But natural gas is also used for underground melting of sulphur, although other energy sources could be used for the purpose.

Question: And it's also used in the home for cooking and heating.

Answer: Gas is pumped to day to about 5 million homes and that number is growing as housing construction advances. For new housing projects alone we have to allocate an additional 120 million cubic meters of gas a year. In the summer, it's still not too bad but in autumn and winter, home gas consumption shoots up. When the temperature goes down one degree Celsius, consumption increases by an equivalent of 200 million cubic meters annually.

Question: But the price of natural gas recently went up for those who use it to heat their homes, greenhouses or workshops.

Answers: This affects some 250,000 customers. In recent years, many people switched to gas heating because gas was relatively cheap when compared to coal or electric energy. The administrative checks that were introduced to curb the switch did not prove very effective. Therefore, it was necessary to take more radical measures.

I want to make it clear that the quotas and punitive prices for excessive consumption did not affect the remaining 4,750,000 homes which are permitted to burn up to 3,000 cubic meters of natural gas per year. This quantity is sufficient for three or four families. One cubic meter of methane-rich gas within the annual limit per household costs 2.70 zloty; only if the quota is exceeded does the customer pay 5.40 zloty per meter, up to the level of 6,500 cubic meters per year.

Question: The sudden growth of gas consumption in households in autumn and winter results in drastic cuts in supplies to industry. But isn't it possible to store some gas in the summer for winter use?

Answer: Of course this is possible and many countries have been doing it. Now we, too, are beginning to build our first huge gas reservoir. It is a costly venture but it will give us greater flexibility, especially in emergency situations.

Question: Minister Piotrowski recently visited the old gasworks in Szczecin. The gas produced there must be quite expensive.

Answer: It costs 20 zloty to produce one cubic meter of gas in such an installation. It is then sold at 1.4 zloty a meter. These plants are also an environmental hazard. They were built on the outskirts of towns a long time

ago but are now surrounded by new housing developments. We have a policy of not investing in these projects. Besides, they do not play a very important role in the national gas supply system. This means they will disappear through attrition. On the other hand, we would be obtaining more coke-oven gas by modernizing the existing coking plants and building new ones. We need both the gas and suitable quantities of high-quality coke.

CSO: 2600/993

ECONOMIC CHAMBER CHAIRMAN DISCLOSES LOSS FIGURES FOR 1982

Zagreb DAFAS in Belgrade-Croatian 16 Apr 83, pp. 3-14

[Interview with Emin Dobardzic, chairman of the Presidium of the Economic Chamber of Yugoslavia, by Radmila Stanovic: "Impermissible Tolerance"; date and place unspecified]

[Text] The Yugoslav economy ended last year with losses totaling 117.6 billion dinars, a sharp increase with 1982, when losses amounted to 65 billion dinars. The increase is undoubtedly one of the darkest sides of the economic picture.

The losses of associated labor, operating at a loss had a labor force of 11,000,000. Most by republics and provinces, Croatia had the largest losses (11,000,000), and then Serbia (10,000,000), Bosnia-Herzegovina (11,000,000), Montenegro (11,000,000), and Kosovo (11,000,000). Kosovo had the largest losses (11.5 billion dinars).

The losses last year were charged to the electrical power industry, the metallurgical industry, metallurgy, mechanical industry, construction, other manufacturing and production of building materials. The work collectives operating at a loss represented 8.9 percent of all work collectives, and their labor force represented 11.4 percent of the total labor force in the economy.

What does Emin Dobardzic, chairman of the Presidium of the Economic Chamber of Yugoslavia, have to say in response to these dry figures of the Social Accounting Service, now that 10 days have passed since he began his 1-year term?

[Text] It is true that the losses of the economy are increasing year after year, said Dobardzic.

[Text] First, the reason for the growth of losses lies in the economic policy toward this phenomenon over many years. As a matter of fact, the losses were covered unthinkingly, without any very deep examination of the reasons why they arose. It should not be forgotten that a large number of these losses were caused by inefficient utilization of the means of production and poor management.

[Question] How can this be clearly separated from other influences on the production of losses?

[Answer] If one wants to examine the causes of losses, the point of departure must be the kind of business operation there has been in most work organizations in the grouping. If it turns out that most of the work organizations have been doing a good business and achieving a satisfactory income and operating results, then it is quite clear that the loss which has occurred in a small number of work organizations in the same grouping is a consequence of subjective factors. And that means that it has occurred as a consequence of poor management, poor operation, underutilization of capacity, and so on.

[Question] Which in practice means....

[Answer] In my opinion, this means that we must go back to the commitments set forth long ago during the 1965 reform, which stated that the conditions for conduct of economic activity for particular groupings can be improved by means of price relations only if a major portion of the organizations in that grouping have incurred losses....

[Question] For example?

[Answer] For example, if there are 20 cement plants in Yugoslavia, and only 2 or 3 are operating at a loss, even though all operate under the same conditions for the conduct of economic activity, then it is clear that those cement plants have incurred a loss on the basis of the subjective factor which I have already mentioned. Certainly their position cannot be corrected by improving the conditions for conduct of economic activity, but that is exactly what is being done now.

[Question] Now the losses are being covered one after the other insofar as that is possible?

[Answer] The procedure I have mentioned would precisely avoid that practice, which has been with us for a long time now, of socializing all losses; in this there is no selectivity as to who can and who cannot survive on the market. In practice they do not operate so as to replace the professional management teams which give the collective poor leadership, but pressures are exerted to change the conditions for the conduct of economic activity. Today it often happens that these pressures are coming mostly from the work organizations which are performing poorly.

[Question] Among those who incurred losses last year who has what to hope for according to that procedure of yours?

[Answer] Look at the figures for 1983 and you will see that most work organizations in the fuel and power sector incurred losses. This is the best indication that the economic position of those organizations must also be examined through improved economic relations. However, in the case of those who have suffered losses in the manufacturing sector it is obvious that there are subjective shortcomings, since their number compared to the total number of work organizations in that sector is small.

[Question] How do you relate the demand for strengthening economic relations to the increased number of work organizations incurring losses?

[Answer] I think that affirmation of economic laws and market behavior is the best guarantee for a sensible and socially acceptable attitude toward those who incur losses, because economic laws are the best preventive against the poor performance of these organizations, which is in any case intolerable. This increased number of losses and the increased total amount best indicate that economic laws have not been functioning and market behavior has not prevailed. After all, were that the case, it is certain that the performance of many of those incurring losses would have been better, because they themselves would have had to seek a way out. Many years of experience has shown that in most of our communities there is unfortunately an exceptional tolerance toward those who operate at a loss, so that they have been allowed even to have much higher incomes than in other work organizations.

This means that the losses have been unthinkingly covered by sociopolitical organizations, opstinas, provinces and republics from their reserve funds without at the same time going into a closer examination of this phenomenon and of the causes.

[Question] Surely there are some other things that have contributed to this as well?

[Answer] Absolutely. For example, the law which the SFRY Assembly passed at the end of last year provided for replenishment of precisely those reserve funds from which the losses are mainly covered. Up to now the appropriation for those funds was 2.5 percent, but hereafter it will be all of 4 percent. Does this not indicate the old practice of living with losses and assuming that they will increase, instead of decreasing?

[Question] How do you think it is possible this year to reduce the number of OOUR's [basic organization of associated labor] which performed poorly in 1983?

[Answer] It is clear that the fuel and power industry has to be given special public treatment because of its importance and because of the energy shortage in the country. That is why the price relation must work to the advantage of the fuel and power industry. But when it comes to others who have done poor business because they were operating poorly, it is an illusion to even think that someone is going to cover their losses through higher prices or in any other way. There will be insistence on higher utilization of capacity, on replacement of the professional management teams, and on re-orientation if necessary, and finally liquidation will be demanded. If we hold to this course, I am convinced that the number of losses this year will be smaller than last year.

[Question] That business of liquidation is not always the most pleasant thing to do.

[Answer] No, but it is a necessity. Wherever the failures have been total, we must insist on bankruptcy. That is why three factories making medijapan wood sheets--two in Serbia and one in Montenegro--went into liquidation. This is also the case with Obrovac, with the Feni factory, and with the furniture factory in Zajecar....

[Question] What about the workers who are left unemployed?

[Answer] They will not be without jobs. For example, most of the workers from the furniture factory in Zajecar have already been employed in the glass factory in that city, so that care for those workers was put first. Of course, the solution for most of those operating at a loss is not to shut them down, but for them to undergo specialization, integration and reorientation.

[Question] In view of the many years in which a different behavior has prevailed, that will not be easy. Do you think that the mechanism of economic chambers can do something more here?

[Answer] It can and must. If it is clear to us that the pressure on labor relations are coming most frequently from work organizations achieving below-average operating results in their grouping, then we must not allow this. After all, current practice indicates that most of what I would call unallowable demands are supported not only by their sociopolitical communities, but also by the groupings and associations to which they belong. That is why we have a situation in which correction of the economic position as a whole has been sought through higher prices, and unfortunately success was not achieved in this way. Recurrences of this practice are still present even today....

[Question] Even in the Economic Chamber of Yugoslavia?

[Answer] Of course, even here. After all, what else is meant by a practice in which so to speak every segment of associated labor makes analyses within the context of its own associations and proves that there is a disparity to its disadvantage, although the figures show that many groupings have had better results than in the previous year. So, we have to put a stop to that practice. All losses can no longer be covered in the way that this has been done up to now. There is no way of avoiding liability for losses, and one must be aware of that.

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LASER RESEARCH, APPLICATION DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 May 84 p 2

[Article by V. Subotic: "A Powerful Family of Lasers"]

[Text] The Institute of Physics in Belgrade has recently been devoting particular attention to carrying out the strategic project entitled "Physics of Plasma Energy" which includes research in the field of lasers and their application in the economy. Very few people are aware that the first laser in the world was made in 1960, while a laser was made in this institute in 1961. That was the beginning of establishment of the laser as a piece of equipment with unlimited possibilities for application.

With all this in mind, we called upon Dr Ilija Lakicevic, scientific associate of the Institute of Physics in Belgrade, to cover this question in more detail and to indicate the possibilities for use of lasers in the economy.

At the beginning of the conversation Dr Ilija Lakicevic emphasized that quite recently the laser has been displacing all the conventional pieces of equipment for working materials [and] is more and more finding widespread industrial use. The most intensive work is being done in this institute to develop laser welding machines. This May a project will be completed for the collective of "Iskra" in Kranj which involves delivering a finished product--a laser welding machine which will be installed on an assembly line to make microwelds on certain electronic components.

Unjustified Anonymity

IKL [Rolling-Element Bearing Industry in Belgrade] and "Iskra" have research under way. This has to do with a machine for welding assemblies, gears and ball bearings. The equipment is being made in the institute, 95 percent of its content will be domestic, and only the crystal and mirrors will be imported. Our informant explains that at the present level of knowledge of welding and equipment the institute's specialists are able to solve even the most complicated problems if the economy is interested in this equipment. After all, this specialist emphasized, the institute's activity is anonymous for many work organizations. "Iskra" of Kranj, because of its mistrust, signed a contract with the institute only when its specialists welded sample specimens with a laser which they then tested, ascertaining that the laser weld was faultless.

We should not forget that the Institute of Physics is the only scientific research organization in the country which is engaged most directly in research in the field of lasers and especially in the field of the laser's application. This institution is able to make a welding machine in which the energy of the laser pulse may range up to 60 joules and last from 100 microseconds up to 7 milliseconds, which covers the most diverse applications. Based on the peculiarities of the laser beam, and especially on the fact that it can be focused on a point with a magnitude on the order of 100 microns, this device solves practically all the problems of welding various metals. Experiments have shown that a weld made with a laser holds much better than that made with a conventional welding machine.

Asked about the fields in which the institute is expanding its activity, Dr Lakicevic recalled that recently Yugoslavia became a member of the EAN system, the uniform system of the European Association for Numeration of consumer goods. This aroused our specialists to think about how to apply this system as soon as possible in Yugoslav trade. The appropriate equipment had to be produced to read the number code and to avoid the inevitable inroads of this kind of expensive foreign equipment on the domestic market. This was a challenge for the institute's specialists. Since last September they have been working on research into the possibility of using lasers to read product codes. It turned out that a reader could be manufactured with 50-percent domestic and the same amount of foreign know-how that could be installed in a complete system for reading and processing data at checkout counters. Yugoslavia's electronic equipment manufacturers have entered into association to manufacture the complete equipment required for the EAN system.

Large Savings

"We intend to produce this reader," Lakicevic says. "Representatives of EI [Electronics Industry] of Nis, UNIS of Sarajevo, 'Iskra-Delta' of Ljubljana and 'Digitron' of Buje are taking part in the talks on this transaction. According to the agreement, each of these work organizations would produce one of the components of the equipment. We have good reason to expect that our efforts will be supported by the Yugoslav Trade Association and that people will not undertake to purchase foreign equipment. We, of course, need financial support, if the reader is to find wide application."

The institute's specialists will soon deliver to the collective of "Iskra" of Kranj a laser-writer for writing markings on electric meters which this work organization is exporting. The institute is giving a great deal of thought to a large project: the application of lasers in the printing of daily and weekly newspapers. This kind of printing has been in use in the world for the last 3 years, in England and the United States, for example. The printing rate per second is high--one to four pages of an ordinary-sized newspaper.

At this distance, in the opinion of Dr Lakicevic, work on this project is a question of the not so immediate future. Carrying out an undertaking so conceived requires cooperation with production engineers in order to solve numerous technological problems. Incidentally, the knowledge of the institute's

specialists in the field of laser printing is very significant and lags only slightly behind the level of foreign know-how, so that the starting position for carrying out this conception is an excellent one.

"A year ago we made what is called a laser leveling device in the institute; it is supposed to be installed in construction machines (trenching machines and graders) so as to automatically control the level of the fork, thereby achieving great savings in time and material. The device is automated and has been tested on machines produced by the 'Radoje Dakic' SOUR [Complex Organization of Associated Labor] in Titograd. It was found to be fully satisfactory and performed all the functions which had been planned. We hope that it will find wide application," our informant said.

He went on to express the opinion of specialists of this scientific institution that they can solve a large number of problems in machinebuilding lasers. In addition, the laser can be used in medicine, but it is being imported for these purposes. Experiments conducted to date to meet the needs of forensic medicine have shown that the laser can be used to detect even the most concealed fingerprints, which could not be discovered by any other method.

"Use of the laser in video equipment for recording information on video disks is also important. This is a field which we are following continuously so that we are up-to-date on the most recent events in the world. In this field we are nurturing our timid idea that we might become fully involved in its concrete realization if the economy showed an interest in cooperation in this field. We have enough personnel--more than 50 doctors of science, 30 with master's degrees, and enough engineers in various specialized disciplines. Up to now we have been realizing more than 70 percent of our revenues in cooperation with the economy, and we hope that that cooperation will become stronger; here we are looking to carrying out the tasks of the Long-Range Economic Stabilization Program, which orients us toward using our own resources and knowledge and achieving maximum economy," Dr Ilija Lakicevic said in conclusion.

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BRIEFS

OILSEED CROP PRODUCTION--The plan was to plant 115,000 hectares in sunflowers and 138,000 hectares in soybeans this spring, but by 7 May sunflowers had been planted on only 43,641 hectares and soybeans on 70,184 hectares, or 39 percent and 51 percent of the plan, respectively. Most of these areas are in the socialized sector. Somewhat encouraging is the fact that the planned 61,000 hectares have been planted in rape. Oilseed crops, if planting plans were met, were expected to result in the production of 193,400 tons of edible oil. This year, however, we will lack about 138,000 tons of oil to meet domestic need. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 12-14 May 84 p 11]

NEW KOPAR TERMINAL--On 1 June a modern terminal for bulk cargo will be opened at the port of Kopar. Covering an area over 8 hectares, it will be one of the largest of its kind in this part of the Adriatic. It will be able to unload, store, or load 1,000 tons of bulk cargo per hour, and will handle primarily, coal, iron ore, manganese, bauxite, magnesite, etc. It will accommodate ships with a displacement up to 16 meters, and a carrying capacity of up to 100,000 dwt. [Text] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 May 84 p 1]

TRADE WITH LATIN AMERICA--In the first quarter of 1984 the value of trade amounted to nearly \$30 million, or more than \$19 million less than in the same 1983 period. By the end of this year total trade with these countries should be about \$250 million; it is estimated in the Yugoslav Economic Chamber that one should not expect much increase over last year's trade. In the first quarter of 1984 we exported \$42 million worth of goods and imported \$25.5 million, thus reducing coverage of imports by exports from 63 percent in the first quarter of last year to 17 percent this year. We export largely highly-processed products and import predominantly raw materials from these countries. The "Iskra" plant in Ljubljana, "Energoinvest" in Sarajevo, "Prvomaj" in Zagreb, and "Potisje" in Ada have cooperated in joint projects in Mexico and Ecuador, while the Belgrade "Energoprojekt" has worked in Peru and Panama. The "Jedinstvo," "Rade Koncar," and "Energoinvest" plants have delivered complete equipment for the food processing and electrical industries. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 22 May 84 p 3]

RELATIONS WITH ARAB COUNTRIES--Last year \$7,900,000,000 worth of capital investment work was carried out or contracted for in Arab countries. We had \$2,500,000,000 worth of work contracted for in Iraq in the civilian sector, of which \$632 million worth remains to be completed this year. In addition, we have submitted new offers for business valued at \$1 million which are expected

to be accepted by the Iraqi side. Almost \$400 million worth of new business was contracted for with Libya last year, most of which (\$280 million) was for construction at the Misurata II port, so the value of all work performed by us there will amount to \$3,600,000,000. Over \$1,250,000,000 worth of capital investment work was carried out in Algeria; also, \$500 million worth of new business was contracted for last year. Following these three countries is Kuwait with \$200 million worth of business, and then Tunisia, Jordan, Egypt and the Sudan. Last year we made offers to these countries for over \$14.5 billion worth of work; most of these offers continue to stand and the prospects are good that they will be successfully concluded. [Text] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 May 84 p 3]

KOSOVO MISUSE OF CREDITS--Most of the 2,280,000,000 dinars granted to private farmers in Kosovo in the past 2 1/2 years in the form of credits to promote agriculture has been used to build houses, buy automobiles, to celebrate weddings and other purposes for which it was not intended. As a result, there are not as many cows, sheep, chickens, orchards or vineyards as there should be. The dairy in Kosovo Polje is used to 60 percent of capacity, the fruit and vegetable processing plant in Prizren to 50 percent, and the number employed in agriculture and the amount of production available for the consumer market continue to be too low. This was stated on a 16 April meeting with SAWP opstina conference presidents. It was said that the anarchy and uncontrolled behavior in the use of credits must stop, especially since an additional 30 billion dinars is to be allocated by the end of this medium-term period for agricultural development. This means that all credits which are being used for other purposes are to be returned and that all leadership cadres in agricultural cooperatives, banks and opstinas who have taken part in this illegal business be called to account. It was said that most of the credits were taken by employees in cooperatives and their relatives, and there are quite a few cases where a person took three, four and even five credits for the same mini-farm. [Excerpt] [Pristina JEDINSTVO in Serbo-Croatian 17 Apr 84 p 1]

WHEAT NEEDS--Since wheat production this year is estimated at about 5 million tons, thus no more than 2.5 million tons can be bought up by the state, and the need is about 3.3 million tons, the wheat shortfall for the 1984/85 economic year will be about 800,000 tons and will have to be met through imports, through the use of commodity reserves, and by introducing greater rationalization in consumption. In addition to better organized procurement of wheat from the 1984 harvest, measures must be taken for more rational use of grain, in order to reduce imports, through the greater use of corn, potatoes, etc. Regulations should be passed requiring the use of 5-to-10 percent of cornmeal in bread. Consumption of white bread has increased from about 20.3 percent of total consumption in 1971 to 33 percent in 1983; despite measures taken to reduce consumption, it further increased in 1983 because flour mills did not abide by the regulations on milling wheat and on the composition of flour. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 23 May 84 p 3]

TRADE REGULATIONS WITH EEC--The European Economic Community (EEC) has approved the plan for preferential customs treatment for 1984 for agricultural products, industrial raw materials and ferrous metallurgical products. This year Yugoslavia will use its preferential privilege for all items on the list of agricultural products, export of which is regulated in the EEC Statute under number

3571/83. Products on this list will be imported into the EEC at lower customs duty, or duty-free. The system of imports is almost unchanged compared to the previous year except for further lowering of customs fees in some cases. Preferential treatment for tobacco is regulated in the so-called special regulations on tobacco. This does not apply to the "Prilep" tobacco, export of which is regulated by the SFRY-EEC Commercial Agreement. The export of ferrous metallurgical products to the EEC is regulated in the SFRY-CECA (European Community for Coal and Steel) Agreement. With the entering into force of the SFRY-EEC Agreement, the SFRY-CECA Agreement, and the SFRY-EEC Textile Agreement, Yugoslav exports to the EEC area will be fully regulated. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 May 84 p 6]

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